

FIRST REGULAR SESSION

HOUSE BILL NO. 389

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES PORTWOOD, DEMPSEY AND BEARDEN (Co-sponsors).

Read 1st time January 16, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

0977L.02.1

AN ACT

To amend chapter 135, RSMo, relating to tax relief by adding thereto five new sections relating to the same subject.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 135, RSMo, is amended by adding thereto five new sections, to be
2 known as sections 135.800, 135.802, 135.804, 135.806 and 135.808, to read as follows:

135.800. As used in sections 135.800 to 135.808, the following terms mean:

2 (1) "Assessor", the officer of a local taxing authority who is primarily responsible
3 for assessing motor vehicles for purposes of personal property taxation;

4 (2) "Bill preparer", the officer of a local taxing authority who is responsible for
5 preparing bills for tangible personal property taxes;

6 (3) "Collector", the officer of a local taxing authority who is responsible for the
7 collection of tangible personal property taxes;

8 (4) "Department", the department of revenue;

9 (5) "Director", the director of the department of revenue;

10 (6) "Effective tax rate", the tax rate imposed by a local taxing authority on tangible
11 personal property on the applicable class of tangible personal property multiplied by the
12 assessment ratio;

13 (7) "Leased", leased by a natural person as lessee and used for nonbusiness
14 purposes;

15 (8) "Percentage level", the percentage of the reimbursable amount to be
16 reimbursed or paid by the state;

17 (9) "Privately owned", owned by a natural person and used for nonbusiness
18 purposes;

19 **(10) "Qualifying motor vehicle", any passenger car, motorcycle, or pickup or panel**
20 **truck, as those terms are defined in chapter 301, RSMo, that is determined by the assessor**
21 **of the local taxing authority in which the vehicle has situs to be privately owned or leased**
22 **pursuant to a contract requiring the lessee to pay the tangible personal property tax on**
23 **such motor vehicle; provided that, no individual shall be determined to own, either solely**
24 **or jointly, or lease more than two qualifying motor vehicles. In determining whether a**
25 **motor vehicle is a qualifying motor vehicle, the assessor may rely on the registration of**
26 **such vehicle with the department pursuant to chapter 301, RSMo. In the event an**
27 **individual owns or leases more than two motor vehicles which would otherwise be**
28 **classified as qualifying motor vehicles, the assessor shall classify the individual's two least**
29 **valuable vehicles as the individual's qualifying motor vehicles;**

30 **(11) "Reimbursable amount", the value of a qualifying motor vehicle, up to the first**
31 **twenty thousand dollars of value, multiplied by the effective tax rate in effect on September**
32 **30, 2002, in a local taxing authority;**

33 **(12) "Tangible personal property tax", the tax levied pursuant to chapter 137,**
34 **RSMo;**

35 **(13) "Used for nonbusiness purposes", the primary use is for other than business**
36 **purposes. A motor vehicle shall not be deemed "used for nonbusiness purposes" if:**

37 **(a) The motor vehicle is expensed as a depreciable business asset on the taxpayer's**
38 **federal income tax return pursuant to Internal Revenue Code Section 179;**

39 **(b) More than fifty percent of the basis for depreciation of the motor vehicle is**
40 **depreciated for federal income tax purposes; or**

41 **(c) The allowable expense of total annual mileage in excess of fifty percent is**
42 **deductible for federal income tax purposes or reimbursed pursuant to an arrangement**
43 **between an employer and employee;**

44 **(14) "Value" means the true value in money of a motor vehicle as determined**
45 **pursuant to subsection 9 of section 137.115, RSMo.**

135.802. 1. For the tax year beginning on January 1, 2002, the state shall, subject
2 **to the appropriation of funds pursuant to section 135.804, directly reimburse taxpayers for**
3 **tangible personal property tax paid on any qualifying motor vehicle in an amount equal**
4 **to twelve and one-half percent of the reimbursable amount for each qualifying motor**
5 **vehicle. Any amount to be reimbursed to a taxpayer pursuant to this subsection shall be**
6 **subject to setoff for debts owed a state agency pursuant to chapter 143, RSMo, and for**
7 **delinquent child support owed pursuant to chapter 454, RSMo. Reimbursements for tax**
8 **year 2002 levies paid on or before December 31, 2002, shall be sent to taxpayers by United**
9 **States mail on or before May 15, 2003, pursuant to the following procedure:**

10 (1) On or before May 31, 2002, the assessor shall certify the value of each qualifying
11 motor vehicle to the bill preparer. No further certification shall be required if the assessor
12 has, within the assessor's book provided to the bill preparer, identified each qualifying
13 motor vehicle and its true value, as determined pursuant to subsection 9 of section 137.115,
14 RSMo;

15 (2) On or before November 31, 2002, the bill preparer shall certify to the
16 department, in a manner prescribed by the department, the reimbursable amount due each
17 taxpayer;

18 (3) On or before January 31, 2003, the collector shall certify to the department, in
19 a manner prescribed by the department, the names of those individuals who failed to remit
20 payment for the tax assessed them by December 31, 2002;

21 (4) On or before March 31, 2003, after a review of the certifications submitted by
22 the bill preparers and collectors, the director shall pay each taxpayer such taxpayer's
23 reimbursable amount using money from the property tax relief fund, created in section
24 135.808.

25 2. (1) For tax years beginning on or after January 1, 2003, the state shall, subject
26 to the appropriation of funds pursuant to section 135.804, pay to collectors a percentage
27 of the reimbursable amount of each taxpayer's personal property tax on any qualifying
28 motor vehicle in an amount equal to the following percentage of the reimbursable amount:

29
30 For tax years beginning in calendar year 2003 27.5%

31
32 For tax years beginning in calendar year 2004 47.5%

33
34 For tax years beginning in calendar year 2005 70%

35
36 For tax years beginning in or after calendar year 2006 100%

37 (2) In addition to all other information currently appearing on tangible personal
38 property tax bills, the bill preparer of each local taxing authority shall ensure that each
39 such bill shall state on its face whether the vehicle is:

40 (a) A qualifying motor vehicle as defined in section 135.800;

41 (b) A deduction for the amount to be paid by the state as determined by section
42 135.802; and

43 (c) The amount of tangible personal property tax levied on the vehicle.

44 (3) Reimbursement payments for levies in tax years beginning in or after 2003 shall
45 be paid to collectors in the amount specified in this subsection for each qualifying motor

46 vehicle, if the requirements of section 135.804 and the following requirements are met:

47 (a) The bill preparer shall include such amount as a deduction on the face of
48 tangible personal property tax bills for qualifying motor vehicles and shall clearly
49 designate such deduction as an amount to be paid by the state. In addition to tangible
50 personal property taxes levied on property other than qualifying motor vehicles, the
51 taxpayer shall pay to the collector any payment due for the difference between tangible
52 personal property taxes levied on a qualifying motor vehicle and such deduction. Within
53 the certified personal property tax book provided to the bill preparer, the assessor shall
54 identify each qualifying motor vehicle and its true value, as determined pursuant to
55 subsection 9 of section 137.115, RSMo.

56 (b) Except as provided in subsection 3 of this section, upon full payment of the
57 tangible personal property tax levied on a qualifying motor vehicle, less the amount of the
58 deduction, as described in this subsection or in cases where a taxpayer is not required to
59 return to the collector any payment of tangible personal property tax for a qualifying
60 vehicle, the collector may make a request to the department of revenue for payment of the
61 reimbursement amount. Such a request may be made monthly for all qualifying motor
62 vehicles for which taxes were fully paid in the previous month or not required to be paid
63 and shall include a summary of the information appearing on the related tangible personal
64 property tax bills. The summary information to be included in the request and the form
65 of such request shall be prescribed by the director. Upon receipt of such information or
66 any other information required by the director, the director shall issue payment from the
67 property tax relief fund.

68 (4) Each tax year the department and each collector shall reconcile the amount paid
69 by the state to such collector. The department may use the information described in this
70 subsection and any other source or data it deems appropriate in making such a
71 reconciliation. If the department determines that the correct amount has not been paid to
72 such collector, the department shall, for any underpayments, make a payment for any
73 underpayment, or, for any overpayment, reduce the respective local taxing authority's next
74 payment or payments, in the current or succeeding years accordingly. The regulations
75 promulgated pursuant to section 135.808 shall establish procedures for such
76 reconciliations.

77 3. Any taxpayer, except a taxpayer with whom a local taxing authority enters into
78 an installment payment agreement pursuant to section 139.050, RSMo, or section 139.052,
79 RSMo, for payment of current property taxes, who fails to timely pay such taxpayer's
80 personal property taxes for any tax year beginning after December 31, 2002, shall forfeit
81 the right to property tax reimbursement for that tax year pursuant to sections 135.800 to

82 **135.808.** Additionally, for tax years beginning in or after the calendar year 2003, the bill
83 preparer or collector may send a supplemental bill in the amount of the reimbursement
84 deduction which appeared on such taxpayer's personal property tax bill, plus interest at
85 a rate prescribed by section 140.100, RSMo, and fees provided by law.

86 **4.** If the situs for the assessment and taxation of a qualifying motor vehicle changes
87 in a given tax year and the local taxing authority in which the qualifying motor vehicle first
88 had situs in such tax year levied a tangible personal property tax on such vehicle for all
89 twelve months of such tax year, the reimbursement shall be made only for tangible
90 personal property taxes paid to such local taxing authority.

91 **5.** Any reimbursement required by sections 135.800 to 135.808 for a qualifying
92 motor vehicle which is leased shall be paid directly to the lessee of such vehicle.

93 **6.** No reimbursement shall be made to a taxpayer by the director where the
94 applicable reimbursement percentage multiplied by the reimbursable amount of the
95 taxpayer's qualifying motor vehicle yields a payment of less than five dollars.

96 **7.** Notwithstanding the provisions of subsections 1 and 2 of this section, the amount
97 of the reimbursement to taxpayers for tax years beginning in 2002 and the amount of the
98 payments to collectors for tax years beginning in or after calendar year 2003 shall be one
99 hundred percent for qualifying motor vehicles with a value of one thousand dollars or less.

100 **8.** Payments to taxpayers and collectors pursuant to sections 135.800 to 135.808
101 shall not include interest.

102 **9.** For tax year 2002 and to the end of tax year 2005, the collector shall include a
103 statement, prepared by the department, with or as part of the tangible personal property
104 tax bills for such qualifying motor vehicles. The statement shall explain how the deduction
105 for the percentage of the reimbursable amount was calculated, how the deduction shall be
106 calculated in future years, and the taxpayer's liability for tangible personal property taxes
107 on qualifying motor vehicles.

135.804. 1. The reimbursement allowed by this section is subject to appropriation
2 from moneys received by the state pursuant to the master settlement agreement entered
3 into on November 23, 1998, by the state and leading United States tobacco product
4 manufacturers, and deposited by the state treasurer to the credit of the tobacco settlement
5 trust fund.

6 **2.** An amount equal to the percentage of the reimbursable amount as determined
7 pursuant to subsection 2 of section 135.802 shall appear as a deduction on the tangible
8 personal property tax bill for qualifying motor vehicles.

9 **3.** If the general assembly changes the percentage of the reimbursable amount as
10 described in subsection 2 of section 135.802 for the current tax year and a local taxing

11 authority has already printed its tangible personal property tax bills for qualifying motor
12 vehicles for the year that the percentage is changed, the following procedures shall apply:

13 (1) If the percentage of the reimbursable amount is decreased for the current tax
14 year and the taxpayer has paid the assessment, the local taxing authority may levy an
15 additional amount for the amount of the difference between the percentage of the
16 reimbursable amount for the tax year reflected on the original assessment and the
17 percentage of the reimbursable amount for the tax year as modified by the general
18 assembly in the current year or carry forward the additional levy and include it on the
19 subsequent tax bill, provided such levy is not subject to penalty and interest; and

20 (2) If the percentage of the reimbursable amount is increased for the current tax
21 year and the taxpayer has paid the assessment, the local taxing authority shall issue a
22 refund to the taxpayer for the amount of the difference between the percentage of the
23 reimbursable amount for the tax year reflected on the original assessment and the
24 percentage of the reimbursable amount for the tax year as modified by the general
25 assembly in the current tax year. Such refunds shall be issued by the collector no later
26 than thirty days after receipt of the payment from the state pursuant to subsection 2 of
27 section 135.802.

28 4. If the general assembly changes the percentage of the reimbursable amount as
29 described in subsection 2 of section 135.802 before a local taxing authority prints its
30 tangible personal property tax bills for qualifying motor vehicles, the following procedures
31 shall apply:

32 (1) If the percentage of the reimbursable amount is decreased for the current tax
33 year, the local taxing authority may adjust each taxpayer's tangible personal property tax
34 bill to reflect the changes made by the general assembly to the percentage of the
35 reimbursable amount; and

36 (2) If the percentage of the reimbursable amount is increased for the current tax
37 year, the local taxing authority shall adjust each taxpayer's tangible personal property tax
38 bill to reflect the changes made by the general assembly to the percentage of the
39 reimbursable amount.

135.806. The department shall promulgate regulations for the use of local
2 governments in administering the provisions of sections 135.800 to 135.808. The
3 department shall cooperate with and seek the counsel of local officials and interested
4 groups. Such guidelines shall be available for distribution to local governments on July
5 1, 2002. Thereafter, the guidelines shall be updated annually. No rule or portion of a rule
6 promulgated pursuant to the authority of this section shall become effective unless it has
7 been promulgated pursuant to the provisions of chapter 536, RSMo.

135.808. 1. There is hereby created in the state treasury the "Personal Property
2 Tax Relief Fund". The state treasurer shall deposit to the credit of the fund all moneys
3 which may be appropriated to it by the general assembly and also any gifts, contributions,
4 grants, bequests or other aid received from any source. These funds shall be used
5 exclusively for the payments to taxpayers and collectors pursuant to sections 135.800 to
6 135.808. The fund shall be administered by the department, which shall make the
7 reimbursement payments required by sections 135.800 to 135.808. Any unexpended
8 balance in the fund at the end of the fiscal year shall be exempt from the provisions of
9 section 33.080, RSMo, relating to the transfer of unexpended balances to the general
10 revenue fund.

11 2. The director shall annually, with its budget request, make and deliver to the
12 governor and the general assembly a statement indicating the sum necessary to fund the
13 payments to collectors pursuant to sections 135.800 to 135.808. Upon the request of the
14 governor or general assembly, the department shall also estimate and report the amount
15 to be paid by the state in any tax year to an individual local taxing authority.